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29 May 1998

CALFED BAY-DELTA PROGRAM
1416 Ninth Street, Suite 1155
Sacramento, CA 95814
Attn: Mr. Lester Snow, Executive Director

Re: Public Input

Gentlemen:

WRITTEN TESTIMONY

My name is Y. Tito Sasaki, of PO Box 200, Vineburg, CA 95487. I am a member of North Bay Agriculture Alliance and Sonoma County Farm Bureau. My wife and I farm in the southern part of Sonoma County, off San Pablo Bay. I attended your public hearing on May 28 in Santa Rosa, and made a verbal testimony. This written testimony reiterates and expands what I said, and adds two new suggestions that I did not have time to state at the hearing.

Background

My basic concern is on the type of alternatives we were offered to comment on. I agree with the approach that alternative solutions be generated, reviewed and discussed so that an optimum solution may emerge. The three alternatives presented, however, do not cover the entire range of options we have. All of them have the same geographic coverage, the same volumes of additional surface and ground water storage, and the same approach (i.e., central planning and government led implementation of a four-pronged program). The only significant difference among the three is the extent of aqueduct construction.

More importantly, the stated goals and the evaluation criteria for the alternatives are confusing and misleading. If the leading goal of the program is the restoration of fish habitat as your presentation seemed to portray, a major criterion should be dollars-per-additional fish. With the project price tag of up to $12 billion, we are buying very expensive smelt. You can actually buy the whole fishing industry with that kind of money.

If you stated that the goal was to secure additional five- to ten-million acre-feet per year of water for Southern California by 2020, and the major constraint was the preservation of agriculture, communities and environment in the Bay-Delta, then we could have had a more focused and meaningful discussion. The goals and constraints in reality are more complex than what I quoted above. However, it is a far better summarization of the truth than the confusing words in the pamphlet. On this premise let me suggest four alternatives that should be considered.

1. Do-Nothing Alternative.

As the baseline case, we should prognosticate what would happen if there is no Bay-Delta Program. Planners -- may they be consultants or bureaucrats -- don't like this exercise for two reasons: one is that it is much more difficult to do than it may first appear, and the other is that, if the result comes out promising, they may lose their job. Consequently, the do-nothing alternative is almost always painted with a broad stroke of a brush as a doomsday picture.

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Yet, a serious examination of the do-nothing alternative is essential because it should serve as the bench mark against which all other alternatives be evaluated, and also because it often comes out as the best solution. For example, the private agricultural land along the San Pablo Bay, which North Bay Agriculture Alliance represents, is in a far healthier shape ecologically than anything else that the government agencies have touched. Economically speaking, private farms produce wealth and tax revenues while government-owned land spends tax money.

The do-nothing alternative should assume the continuing but limited involvement of the governmental agencies in allocating water and regulating its use. The main driving force, however, will be the decentralized decision making by the private sector for acquiring and using water. It is not a chaotic situation but an orderly process guided by the "invisible hand" of Adam Smith, or the "spontaneous order" of Friedrich Hayek, Nobel laureate Austrian economist.

2. Aquifer Storage and Recovery

A network of strategically located Aquifer Storage/Recovery (ASR) wells should be studied as an alternative method of water storage and recovery. Compared to the surface storage, ASR has numerous advantages, such as:

1. It does not sacrifice productive farmland or ecologically valuable wetland.
2. It is not susceptible to surface evaporation loss and accidental spill, less susceptible to accidental and natural contamination of the stored water, and more suited for long-term storage of water for drought years.
3. It improves water quality by stabilizing pH and reducing disinfection byproducts (trihalomethanes and haloacetic acids), hydrogen sulfide, iron, manganese, etc.
4. It reduces ground subsidence, restores wellfield production in the interconnected aquifer areas, and prevents saltwater intrusion in the coastal areas.
5. Its naturally controlled release of water to streams are ecologically superior to the artificial release from surface storage.

ASR is a proven method practiced successfully in many countries, states (FL, NJ, TX, CO, NV, WA, OR, CA, etc.) and localities (Pasadena, Oxnard, Goleta, Calleguas, etc.)

The three alternatives proposed in your report have a uniform allocation of 88% (5.5 maf) Surface Storage and 12% (0.75 maf) Ground Storage. It is not clear from the literature if the Ground Storage meant basin recharge (i.e., natural percolation) or well recharge (artificial recharge). I suggest that a maximum ASR application be studied as an alternative.

3. Free Market as Arbiter of Supply and Demand

Bay-Delta Program presupposes that the only qualified entity to control the supply and demand of water is the government. The three alternatives do not give any choice in this respect.

Historically, however, the best mechanism to balance the supply and demand of a commodity is the free market. Some may argue that water is an essential commodity with little demand elasticity and, therefore, it should not be privatized. This argument is flawed in two respects. First, most of water usage is discretionary -- such as backyard swimming pools, lawn watering, large air-conditioning installations, and manufacturing process uses. The demand elasticity is certainly greater than that of gasoline, which is, nevertheless, marketed successfully by private companies. Secondly, there already are dependable, efficiently-run investor-owned utilities supplying water to many communities such as San Jose, Palos Verdes, 75% of France, and entire England.

Market-driven pricing of water may achieve a better balance between supply and demand than the central planning of supply and regulatory enforcement of conservation measures. A model to consider is the recent deregulation of the electric power supply. The state and municipalities could

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continue to own the delivery system and some of the supply sources like the currently franchised power utilities do, but private companies may compete for selling water that they produce or purchase wholesale from the source owner through competitive bidding. When private water companies grow to the size of today's power companies, exploration and securing of the supply of water will be done by their own capital -- just like needed capital investments in other "utilities" (telecommunication, air transportation, parcel delivery, electric power, petroleum and gas -- to name a few) are all taken care of privately without using the tax money.

It is interesting to note that we don't worry about shortages of electrical power, telephone lines, airline flights, etc., unless one lives in a country where these services are nationalized. Water supply and sewage treatment are two areas where we are still lagging in achieving the maximum efficiency and reliability through utilization of the free market mechanism.

4. Tapping Columbia River Water and Reducing Environmental Water Demand

The only viable long-term solution for ample and reliable supply of water for Southern California seems to be tapping the water of the Columbia River watershed. With its 200 maf of annual runoff, Columbia River Basin could sell 10 to 20 maf to California if the price is right. Construction of the needed aqueduct is no harder than that of the California Aqueduct or Los Angeles Aqueduct, given the technological advances in recent decades.

The Columbia River Alternative is not within the power of CALFED to pursue at this time. However, some groundwork should be laid now since there is no other viable alternative source of water in sight.

An interim solution that CALFED should seek is to reduce the environmental water demand without jeopardizing the basic ecological health of the State. The environmental sector's restrictions on Bay-Delta exports, their demand of over 1 maf from Central Valley Project, and the total demand of some 30 maf – all seem more like an exercise of power than a result of rigorous scientific analyses.

Just as the agriculture sector is making all-out effort to develop water-efficient methods of farming, the ecological agencies (NMFS, USFWS, EPA, and F&G) should develop the most water-efficient habitat restoration methods as part of any biological opinion statement.

The water problem that California faces is indeed serious, and no particular party should have license. All involved parties should try to contribute to the solution instead of simply imposing demands on other members and on the society.

Y. Tito Sasaki

cc: NBAA Board
California Farm Bureau
The Bay Institute
Gov. Pete Wilson





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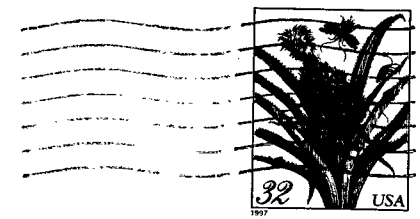


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